

Committee on Resources

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**Testimony of Mayor Dennis Watson
On HR 3427
Craig Recreation Land Purchase Act
June 17, 2004**

Mr. Chairman and members of the Committee, my name is Dennis Watson. I am the Mayor of the City of Craig, Alaska. Thank you for the opportunity to testify before this committee and for hearing our testimony on HR 3427. My testimony will explain the need for this bill for Craig and Prince of Wales Island. My testimony will also endorse the minor changes made by the Senate in its recent passage of its companion version, S. 1778. The City of Craig urges the Committee to adopt these changes and to report quickly a bill identical to the bill passed by the Senate Energy Resources Committee as S. 1778 on April 28, 2004

HR 3427 will enact a mechanism to provide the US Forest Service with a net gain in acreage to the Tongass National Forest while also allowing the residents of Craig to better adjust to a changing economic climate. HR 3427 authorizes the Federal government to accept conveyance of 348 acres of land from the City of Craig and authorize an appropriation for land acquisition and trail reconstruction. The funding would be used by the City of Craig to purchase private land at Craig.

Craig is located on Prince of Wales Island in Southeast Alaska. The Island is home to some 4,500 residents. Since 1995, the economy of Craig and Prince of Wales Island has undergone a tremendous and painful economic contraction. The change in Tongass National Forest timber policy has reduced logging industry employment from 1,800 in 1992 to fewer than 600 in 2002. Unemployment rates in the Prince of Wales Census Area have reached seasonal highs of between 19% and 25% in the past ten years. The annual unemployment rate for our census area is frequently three or more times the rate for the United States as a whole.

The loss of higher paying timber jobs has translated into related economic problems for our Island. Despite the higher cost of living in Alaska compared to the continental US, per capita earnings are much lower for POW residents than for residents of the contiguous 48 states. The 2000 census reports that per capita income in the POW Census Area is 15% less than the US figure. Similarly, our median family income lags behind the US as a whole, and the proportion of families below the poverty level in the POW/OK exceeds the national figure by more than ten percent.

Despite these problems, area residents remain bullish on the future. Increasing private sector opportunities in our economy will improve our chances at a recovery. Passage of HR 3427 will assist us in providing basic public infrastructure that will lead to private industry investment.

The single best site for redevelopment efforts in Craig is the site known as the cannery property. The site contains five acres of uplands and five acres of tidelands. Acquisition of this parcel would allow the city to complete a needed harbor expansion. It will also make available substantial area for commercial investment. This goal is important because unlike other cities Craig did not receive municipal entitlement land needed for community growth.

Passage of HR 3427 is integral to the acquisition of the cannery site because the City cannot afford to purchase this site from its owner, who has told us he is willing to sell the property. This bill will authorize a three-way land transaction by which the City will sell a prime recreational parcel that is formerly the site of a Forest Service trail and cabin. The city will then use the proceeds of the sale to purchase the abandoned cannery site.

While it is an often-overused term, this will truly be a "win-win" transaction for all involved. The Forest Service will receive land that will provide a recreation site close to the Craig Ranger District offices. Craig, in turn, will get the opportunity to purchase the cannery property.

This entire transaction will be subject to standard federal appraisal standards for both parcels, and will be overseen by the Forest Service. HR 3427 requires that the exchange be based on a value-for-value basis.

It can take place only under a willing seller/willing buyer basis, and it can be accomplished only by the passage of this legislation that will authorize the appropriation for this transaction. While there is no guarantee that funds will be made available for this transaction, we are working with Sen. Stevens, a cosponsor of this bill in the Senate, to make these funds available if the Committee and the Congress passes the bill.

Mr. Chairman, I have been involved in public policy on Prince of Wales Island for 25 years. I can tell you that this property is the absolute key to moving forward to diversify our economy. The City is reviewing a plan to redevelop this parcel if this bill is passed and the transaction is completed. The city had great success in attracting private sector development to our industrial park. We hope to build on that momentum at the cannery site.

The City of Craig supports the passage of this legislation and urges the Committee to act on this bill as soon as possible. At the Senate Energy Committee hearing, this bill was supported by all parties including the Bush Administration witness Under Secretary of Agriculture Mark Rey and the Southeast Alaska Conservation Council.

Undersecretary Rey did request minor changes be made to the bill to include two small parcels near the existing Craig Ranger Station in the land conveyance transaction and some technical changes to the description of the standard federal appraisal process. The City fully supports these changes which were incorporated into S. 1778 when it was reported by the Senate Energy and Natural Committee.

Thank you for this opportunity to present testimony to this Committee. The City of Craig urges quick action on this bill and asks the Committee to report the same language as reported by the Senate Energy and Natural Resources Committee.